



**[Billing Code 3190 – W13]**

## **OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

United States-Israel Free Trade Area Implementation Act; Re-Designation of Qualifying Industrial Zones

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice.

**SUMMARY:** Under the United States-Israel Free Trade Area Implementation Act (IFTA Act), articles of qualifying industrial zones (QIZs) encompassing portions of Israel and Jordan or Israel and Egypt are eligible to receive duty-free treatment. Effective upon publication of this notice, the United States Trade Representative, pursuant to authority delegated by the President, is modifying the designation of the previously-designated Al Minya, Alexandria, Beni Suief, Central Delta, Greater Cairo, and Suez Canal zones in Egypt under the IFTA Act to provide that all present and future facilities in these zones are potentially able to export goods duty-free to the United States. This modification would also clarify and, in some cases, adjust the geographic boundaries of the QIZs.

**FOR FURTHER INFORMATION CONTACT:** Sonia Franceski, Director for Middle East Affairs, (202) 395-4987, Office of the United States Trade Representative, 600 17th Street, NW, Washington, D.C. 20508.

**SUPPLEMENTARY INFORMATION:** Pursuant to authority granted under section 9 of the United States-Israel Free Trade Area Implementation Act of 1985 (IFTA Act), as amended (19 U.S.C. 2112 note), Presidential Proclamation 6955 of November 13, 1996 (61 FR 58761) proclaimed certain tariff treatment for articles of the West Bank, the Gaza Strip, and qualifying industrial zones. In particular, the Presidential Proclamation modified general notes 3 and 8 of the Harmonized Tariff Schedule of the United States: (a) to provide duty-free treatment to qualifying articles that are the product of the West Bank, the Gaza Strip, or a qualifying industrial zone and are entered in accordance with the provisions of section 9 of the IFTA Act; (b) to provide that articles of Israel may be treated as though they were articles directly shipped from Israel for purposes of the United States-Israel Free Trade Area Agreement (“the Agreement”) even if shipped to the United States from the West Bank, the Gaza Strip, or a qualifying industrial zone, if the articles otherwise meet the requirements of the Agreement; and (c) to provide that the cost or value of materials produced in the West Bank, the Gaza Strip, or a qualifying industrial zone may be included in the cost or value of materials produced in Israel under section 1(c)(i) of Annex 3 of the Agreement and that the direct costs of processing operations performed in the West Bank, the Gaza Strip, or a qualifying industrial zone may be included in the direct costs of processing operations performed in Israel under section 1(c)(ii) of Annex 3 of the Agreement.

Section 9(e) of the IFTA Act defines a “qualifying industrial zone” as an area that “(1) encompasses portions of the territory of Israel and Jordan or Israel and Egypt; (2) has been

designated by local authorities as an enclave where merchandise may enter without payment of duty or excise taxes; and (3) has been specified by the President as a qualifying industrial zone.” Presidential Proclamation 6955 delegated to the United States Trade Representative the authority to designate qualifying industrial zones.

The United States Trade Representative has previously designated six qualifying industrial zones in Egypt under Section 9 of the IFTA Act, on March 13, 1998 (63 FR 12572), March 19, 1999 (64 FR 13623), October 15, 1999 (64 FR 56015), October 24, 2000 (65 FR 64472), and December 12, 2000 (65 FR 77688), June 15, 2001 (66 FR 32660) January 28, 2004 (69 FR 4199), December 29, 2004 (69 FR 78094), November 16, 2005 (70 FR 69622) and January 28, 2009 (74 FR 4482). In each of those designations, the USTR designated as qualifying industrial zones the areas occupied by currently producing factories, as specified on maps and materials submitted by Egypt and Israel.

The governments of Israel and Egypt submitted a request for designation of additional factories in two zones, the Beni Suief and Al Minya zones, on December 5, 2012. Following this request, during consultations in Washington on January 7, 2013, USTR discussed with representatives of Egypt and Israel a proposal to modify the designation of the existing QIZs to provide that all present and future facilities in these zones are potentially able to export goods duty-free to the United States. This modification would also clarify and, in some cases, adjust the geographic boundaries of each of the six existing zones. The geographic boundaries of each the six zones being designated are specified on maps and materials on file with the Office of the U.S. Trade Representative. Israel and Egypt have each confirmed that merchandise may enter, without payment of duty or excise taxes, areas under their respective customs control that comprise the Greater Cairo zone, the Alexandria zone, the Suez Canal zone, the Central Delta zone, the Beni

Suief zone and the Al Minya zone, as described in this notice. Further, the operation and administration of these zones are provided for in the previously agreed “Protocol between the Government of the State of Israel and the Government of the Arab Republic of Egypt On Qualifying Industrial Zones.” Accordingly, each of the six zones meet the criteria under sections 9(e)(1) and (2) of the IFTA Act.

Therefore, pursuant to the authority delegated to me by Presidential Proclamation 6955, I hereby re-designate the areas that comprise the Al Minya zone, the Alexandria zone, the Beni Suief zone, the Central Delta zone, the Greater Cairo zone, and the Suez Canal zone, as specified on maps and materials on file at the office of the United States Trade Representative, as qualifying industrial zones under section 9 of the IFTA Act, effective upon the date of publication of this notice, applicable to articles shipped from these qualifying industrial zones after such date. This re-designation supersedes any previous designation of these zones.

Ambassador Ron Kirk,  
United States Trade Representative

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